



# GANESH BENZOPLAST LIMITED

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June 10, 2024

To

<p>The General Manager, Department of Corporate Services – Corporate Relations Department, BSE Limited, Pheeroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001.</p> <p>Scrip ID: 500153</p>	<p>The Manager, Listing Department National Stock Exchange of India Limited Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051</p> <p>Scrip ID: GANESHBE</p>
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Dear Sir,

**Sub: Transcript of Conference call held on Thursday, June 06, 2024**

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of Conference Call held on Thursday, June 06, 2024 at 4.00 PM (IST) with the Investors and Analysts.

This transcript of Conference Call is also posted on the website of the Company at [www.ganeshbenzoplast.com](http://www.ganeshbenzoplast.com)

Kindly take the same on your record.

Thanking You,  
**For Ganesh Benzoplast Limited**

**Ekta Dhanda**  
Company Secretary and Compliance Officer

Encl: As above



**GANESH BENZOPLAST LIMITED**

**“Ganesh Benzoplast Limited  
Q4 FY '24 Earnings Conference Call”**

**June 06, 2024**



**GANESH BENZOPLAST LIMITED**



**MANAGEMENT: MR. RISHI PILANI – CHAIRMAN AND MANAGING  
DIRECTOR – GANESH BENZOPLAST LIMITED  
MR. AMAR KABRA – GENERAL MANAGER, FINANCE  
AND TAXATION – GANESH BENZOPLAST LIMITED**

**MODERATOR: MS. LAKSHMI CHALWADI – CAPITALSQUARE  
FINANCIAL SERVICE**



**Moderator:** Ladies and gentlemen, good day, and welcome to Ganesh Benzoplast Limited Q4 FY '24 Earnings Conference Call hosted by Capital Square Financial Services. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note, that this conference is being recorded.

I now hand the conference over to Ms. Lakshmi Chalwadi from CapitalSquare Financial Service. Thank you, and over to you, ma'am.

**Lakshmi Chalwadi:** Good evening, everyone. On behalf of CapitalSquare Financial Services, I welcome you all to Ganesh Benzoplast Limited Q4 FY '24 Earnings Call. Today, we have with us Mr. Rishi Pilani, Chairman, Managing Director; and Mr. Amar Kabra, GM Finance, to discuss outlook on business and answer your queries. Over to you, sir.

**Rishi Pilani:** Thank you, Lakshmi. Good evening, everybody, and thank you so much for joining us for the Q4 and the year ended FY '24 conference call. We will start the call by taking you through the business highlights for the period under review, after which we will open the forum for Q&A.

I hand over the call to Mr. Amar Kabra to take over the financial highlights.

**Amar Kabra:** Good evening, everybody. This is Amar Kabra, GM Finance. So I will take you through key highlights of the audited financial results for the financial year ended 31st March 2024. So on a stand-alone basis, during the financial year ended 31 March 2024, the company achieved a total revenue of INR2,267 million as against INR1,927 million in the previous year, with an increase of 18% Y-to-Y.

During the financial year ended 31 March 2024, the stand-alone profit after tax for the year is INR606 million as against INR509 million for the previous year, with an increase of 19% Y-to-Y. During the Q4 of financial year '24, on stand-alone basis, profit after tax is INR162 million as against INR123 million for Q4 of last year, with an increase of 30% Y-to-Y.

During the financial year ended 31st March 2024, the company achieved a total revenue of INR4,771 million on a consolidated basis as against INR4,208 million in the previous year, with an increase of 13% Y-to-Y. And during the financial year ended 31st March 2024, on a consolidated basis, profit after tax is INR614 million as against INR551 million for the previous year, with an increase of 11% Y-to-Y. So these are the highlights.

**Rishi Pilani:** Thank you, Amar. We would like to now open the forum up for any question-and-answers that the participants may have.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Jaymin Modi from Jaymin Modi & Company.

**Jaymin Modi:** Yes, I have a couple of questions. Starting with, I would like to ask that what kind of outlook the company is looking for the chemical sector for the coming financial year? Like what is their



own outlook for this particular sector? And the second is, should I wait for one or I should go ahead with my second question?

**Rishi Pilani:** No, no, please go ahead, yes.

**Jaymin Modi:** Yes. My second question would be, what kind of change in management we are looking for the chemical branch or a chemical department?

**Rishi Pilani:** Okay. So Jaimin, your first question is about outlook in the chemical sector. See, regarding the plant and its products themselves, there continues to be a very, very strong demand in the market for the products that we make and we believe that now we are able to -- we are looking at optimizing the purchases and all together with the entire group, which is the infrastructure and other areas combined, so we believe that we can also bring some reduction in our raw material and project purchasing for the Chemical division.

So our hope is that we can actually improve the performance in the chemical sector. For the change in management, we've already asked Mr. Ramesh Punjabi, who has been with the group for almost 30 years, and he was also instrumental in setting up these plants and running them for a long time. Currently, he's on Board as a Technical Director, so he is the one who is right now leading the team.

He is revamping the team also. He's hired new people. He's from IIT Bombay. He's a chemical engineer from IIT Bombay. So he understands how the chemical plants run. And along with the support of the overall purchase and marketing teams together, that is the plan going forward to run the Chemical division.

**Moderator:** Next question is from the line of Yash Dedhia from Maximal Capital.

**Yash Dedhia:** I had a couple of questions. Firstly, one the recent fraud, which has happened around the company, so what would you like to add on the governance or on the security part of the business?

**Rishi Pilani:** Is that your question, Mr. Yash.

**Yash Dedhia:** Yes, first question is that.

**Rishi Pilani:** See having understood what exactly transpired and after taking the relevant actions, we have definitely now changed a lot of mechanisms of approvals on how certain approvals are taken within the systems, how there is interaction with the outside stakeholders, especially banks and other creditors with the company itself. We have changed the approval systems for payments within the company in terms of the limits for how much are authorized, and we are looking at it.

So we have -- we are looking every day to understand what more we can do. But we are fairly confident that as of now, even if you see even for this one, as I have already stated in my declaration to SEBI and everybody, that the company did have enough systems in place to ensure that the company itself is not impacted financially by any of these transactions. So that much --



so there has been no transaction that has been routed through the regular accounts of the company.

There were enough checks and balances in place to ensure that no funds could move out of the company's regular accounts. So -- and no funds have come into any of the regular accounts of the company, so we have ensured all of those checks and balances already, we are definitely making them stronger.

**Yash Dedhia:** So these ones came into a separate account inside the company book and then went out. Yes, so these funds were remitted into the company's non-regular accounts. It was under company's account or it was outside the company's account right from the beginning?

**Rishi Pilani:** No, so right from the beginning, the funds were routed into an account that the company was not aware of, the company has not opened that account. Nobody from the company, like the Directors have not given any Board resolutions to open those accounts. And we have taken all the necessary steps to prove this also to the authorities, including -- and the authorities, including police complaints and civil court suits. So like I said earlier, the regular accounts were well protected.

**Yash Dedhia:** Okay. And so the party who has given the loan, what is the stance they are maintaining right now?

**Rishi Pilani:** So see, like I have already stated like one of the parties has already waived all its -- we've already given that declaration, has waived all this claim against the company. So there are about seven or eight parties out of which one has already waived all its claims against the company. We have already done a SEBI declaration of that.

And for other parties, we are hopeful that we should be able to convince them to see reason. But if they don't see reason, then we'll have to go through the process, which we have already initiated of completing the court cases and then getting a waiver hopefully from the courts.

**Yash Dedhia:** And in case if the decision is not in our favour, will the party in default from our end will be indemnifying the company or not?

**Rishi Pilani:** Again, I'm not -- you mean the party who has given the loan?

**Yash Dedhia:** Who has defrauded the company?

**Rishi Pilani:** So they have given us indemnifications for any of their actions if that leads to any financial liability on the company. So they have given the indemnification to us, yes.

**Yash Dedhia:** Okay. And on the LPG tank expansion plan, so where are we on the work and the approvals that we were supposed to get it from the...

**Rishi Pilani:** So the work, like I've already said, the work has already commenced and the construction is ongoing. We are already installing equipment's that are of fire protection and all that nature. I have already explained before also, so we are looking at increasing the height of the tanks and



for extra protection, building fully outer walled concrete tanks for which the file is moving through the various departments.

As you know that almost last month or 2 months, most of the departments were engaged in election duties and all these things, so we are hopeful that now we should get momentum in our approval process and get it closed shortly. So that at least as soon as the monsoon finishes, which is somewhere around August, September, then the construction on the main tanks can start in full swing.

**Yash Dedhia:** Okay. So we will be going forward with 2x30,000 KL plan?

**Rishi Pilani:** Yes. 2x30,000 tons. Yes, that's the plan as of now.

**Yash Dedhia:** 2x30,000 tons. And the commercialization of the plant will be somewhere in FY '27, that does not change?

**Rishi Pilani:** That does not change.

**Moderator:** Next question is from the line of Ankur Sawariya from Equity master.

**Ankur Sawariya:** So my question is regarding the Goa terminal. Has there been any update on receiving new -- because this is the only capacity that is not occupied as of now? So just to increase the margin - - the revenue for the next 2 years until we get our LPG tanks operated, what will be the outlook on the increase in revenue for next 2 years, sir?

**Rishi Pilani:** So for the next 2 years, there are a couple of things. Number one, whatever inflationary growth we keep getting, which is in the range of 5% to 7% per year that we are expecting. In addition, we are always, like I have said, looking at somehow getting a better product mix for the terminal so that we can get a better revenue per ton.

So if you can -- if you would have seen in terms of throughput basis, if you see our throughput year, in the year before, was 1.658 million tons as against last year our throughput was only 1.4 million tons. But this is because the more high-value product you go to, the throughput drops, but your overall revenue increases. So that is what we are continuously striving to do.

**Ankur Sawariya:** Okay. And how much do you think the capacity would increase by increasing the heights of the existing tanks? Is this process already ongoing or is it yet to begin?

**Rishi Pilani:** So that part, we are -- so wherever possible, we are doing that activity. But you have to understand that increasing the height of the tanks also requires a complete modification of the foundation because the load on the tank's changes. So unfortunately, right now, or fortunately, we are in a position that we don't get tanks empty. Though this quarter, we have done a lot of monsoon revamping of our tanks in JNPT and also in Cochin. But as of now, height increment has not been taken up.

**Ankur Sawariya:** Okay. So what I see is that the only capacity that is not occupied as of now is the Goa terminal.

**Rishi Pilani:** Yes.



**Ankur Sawariya:** So -- and what time do you think that the entire LPG terminal that we are doing with BWC, what time do you think you we can get it finished earliest?

**Rishi Pilani:** Like I said, I've always maintained that we should start seeing revenues from it in FY '27, and that plan hasn't changed.

**Moderator:** Next question is from the line of Dhruv [Mahesh 0:17:32] Bajaj from Smart Sync Investment Advisory.

**Dhruv Bajaj:** Sir, before congratulating the company for a decent performance, I must say that there has been a serious dent on the investors' confidence in your company's corporate governance post this saga, especially. And I was under the impression that majority of the claim has been applauded rather than only 1 out of the 7, 8 parties that give us the loans. But regardless of that, my first question was that how are we giving exit to Mr. Ramakant Pilani and the Co, considering they have resigned from the organization?

And we are unable to assess their shareholding in the business. So if you can explain the cap table on the promoter's holding company, where both the families must have some ownership to get an idea about like are they getting the business or how should we look at this going forward?

**Rishi Pilani:** Okay. So just to give a basic idea, like while you are saying that it's only one out of the 7 or 8 who have done, but you have to understand that this process is not an overnight process. So while all of us would appreciate that everybody would just wake up one morning and, say, Yes, yes, company is not at fault. Let's just leave them and go away.

It's -- yes, it is a painstaking process. But I -- regarding your point on the dent in the corporate governance, I would request you to please appreciate the fact that -- if there was a lack of corporate governance, there would be money that would have been removed from the company's regular accounts, money the company would lose and we would go after recoveries.

None of that is the case here, so please understand that, yes, while I'm not denying or trying to defend the fact that, yes, we have to do things better and improve our systems more. But I would also like for you to appreciate the fact that company has not lost a single paisa in this transaction. So that -- so somewhere we have done things right to assure that. Regarding Mr. Ramakant Pilani, yes, he has resigned and his son has also resigned from the Board. Overall, in terms of joint ownership of Ganesh Benzoplast, their family, as a whole, owns approximately 1% of the company.

**Dhruv Bajaj:** Okay. That is very helpful, sir.

**Rishi Pilani:** Rest all is not with them, it's with other promoters. So that way, there is no restriction or some action that they can take, which can sort of impact the company. So that is the thing that -- and entities and also important part is that the entities that are holding the common promoter shareholding, they are all controlled by us. So they are not under their control. So the controlling stake within those companies is also belonging to us.



- Dhruv Bajaj:** Got it, sir. Sir, I was just trying to understand in case they -- since they have exited from the business overall, so how will they exit their ownership, so that was the whole idea behind this question?
- Rishi Pilani:** Yes, yes.
- Dhruv Bajaj:** And sir, is it correct to model a 7% to 8% revenue growth for the next 2 years given the full capacity utilization? Or do we expect that the new capex that we are planning to increase the height of the LST terminal will happen within these 2 years? So how should we look at it?
- Rishi Pilani:** No, as of now, like I said, that already this quarter, we have undertaken major revamping of our tanks and also I have already mentioned that Cochin terminal was -- is -- we have been the L1 bidders for a 4-year contract with IOC to store ATF and ethanol. So the tanks are being -- part of the tanks, the part of the tanks are already with BPCL for furnace oil, but part of the tanks are being retrofitted to handle ATF and ethanol. So since we are already doing such a major revamping work both in JNPT and in Cochin, we would like to not take the tanks down again during the year for more revamping and height increasing work.
- Dhruv Bajaj:** Got it, sir. That is very helpful, sir. And sir, last question was that the other guy who forged the signature with Mr. Ramakant Pilani, is he a part of our management team or was he an outsider? So I just wanted to understand...
- Rishi Pilani:** Outsider.
- Moderator:** Next question is from the line of Kumar Saurabh from Scientific Investing.
- Kumar Saurabh:** First, I think congrats the way you have built this business in the last 7, 8 years and the plans you have. I have 3, 4 questions. So first, we know the LPG terminals will come live somewhere in FY '27. But for the next 24 months, if you can break into 3, 4 milestones, how the project will be executed, like the sort of time it will take for hardware settings and constructions and approval, that would be great?
- My second question is the same because it is being done through 3 parties coming together. And when multiple parties come together to execute something, there is always a risk in terms of things not going the way everybody is planning, everybody has their own aspirations. So how are we derisking from those kind of risks? And what are the risks you see? And my third question is so far on JNPT, I think, we have been able to operate and get that annual rental yield increment of 5% to 7% more than that.
- But given one of the biggest players, one of the most efficient player, they also have plans to come to JNPT. Do you see going forward, we will have the same kind of advantage to take that inflationary increase? I mean, in terms of per unit, are we competing on the kind of efficiency they have if we can get your view that would be great? So these 3 questions I have.
- Rishi Pilani:** Okay. So your first question was to break up the milestones. So see, generally, what we are expecting is to complete the approval process by July and August, that is our first target. So that by -- within -- like I said, by August and September, we get into full-fledged construction of the





tanks. Generally, the tanks, the pipelines, everything moves parallelly in construction. And most of the design work has been completed by us already since the project is in pipeline for some time.

So what we expect is that there will be no like major milestones as such. The project will progress like a normal tank farm project and take -- but it just takes about 2 years and it takes that. Regarding the 3 parties coming together, I -- while I agree that what you're saying is, there are different aspirations and it adds to the risk. But in our case, actually, the parties have been brought together to derisk the project in the sense that all the parties are contributing in their own way to ensure that the project is derisked, not risked.

So like BW LPG, they are the biggest movers of LPG in the world, including India, having a fleet of more than, I think, 1,000 ships, big and small. So you have a supply chain, which is ensuring that their product movement will be there to the terminal. Today, in private parties, CPIL is one of the biggest off takers in the private sector and they have undertaken to underwrite the terminal to a certain capacity, which derisks the loans and other things that the project has to take.

So I think in our case, we have actually a very good set of partners, very positive minded partners and all are looking to add value to make this a success. So that is my take on the partnership here. And your third part was that there is competition coming in JNPT, and that is -- so GBL has certain inherent advantages. Number one is that the land that we are sitting on is much lesser priced than what the new entrants are bidding and taking land at.

So we have a very big competitive advantage in terms of the land pricing, the assets are already built, and we are sweating them for quite a few years. So we have an advantage in terms of our pricing, profit per KL in terms of pricing. And number three, none of the new players that are coming are building tanks that can handle class products like ABC class, the hazardous products.

They are not building those tanks where our focus is to shift into those products more and more. One of our biggest volume movers is linked -- for the non-haz side is linked to the rail movement. And we are the only people who have the rail facilities at JNPT. So there, we have sort of a monopoly in holding that business. So we are fairly confident that while new entrants may come, but on a stand-alone basis, they'll not be able to compete with us here.

**Kumar Saurabh:**

Sure. I think all workflows was very well explained. One last question. So this year, our throughput, and I think you mentioned also, compared to last year, 1,658, this year, our throughput was 1,404 and still we could do better in terms of rental revenue. My question is how much scope we have further left in terms of utilizing it?

We have a 90% utilization. I mean is it like the premium mix is only 20% and it can go further. If you can give some color around it, I'm not looking for exact number, but how much scope we have to improve it further?

**Rishi Pilani:**

See, this is not a very simple question to answer because every time you do a product change, you have to work on the products, the customers, the sourcing and everything and get the product shifted. Sometimes we are shifting it from port to here, sometimes from, let's say, an ISO



container packing to a bulk container packing. We do a lot of these things. So all I can say is that we are continuously trying to go for that.

And we are also -- like I said, this quarter, we have revamped some of the tanks at JNPT with that in mind, that we would like to handle more of such products rather than the normal non-haz products. But I don't have an exact answer as to what is the exact scope in terms of tonnages or percentages because these can vary. You can get a 10,000 tons commitment in a day and you may get only 1,000 tons commitment in a year.

**Moderator:** Next question is from the line of Pradeep Rawat from Yogya Capital.

**Pradeep Rawat:** Sir, I have a couple of questions. First is regarding our chemical business. So what is the current utilization at our chemical business?

**Amar Kabra:** It's a 75%.

**Pradeep Rawat:** Okay. So what kind of like guidance do we have for this segment with respect to utilization for this year?

**Amar Kabra:** See, now the management has changed for the chemical segment. So obviously, we are seeing a positive performance in the Chemical segment. And in last 2 quarters, there are certain issues with the Red Sea and Nigerian currencies. So we are facing a trouble with that because our almost 20% export sales is on Nigeria. So Nigerian naira was around 800 in last 2 quarters and certainly it went to 1,400.

So there was a -- you can see in the results, there is a downside in the Chemical segment on the revenue side also as well as PAT level also. But this problem will get resolved in the next 2 quarters. And with the new management and the new engineers and all these things, obviously, we'll see a great performance in the Chemical segment. We can achieve easily 95% from current level of 75%.

**Pradeep Rawat:** 90%, 95%, right?

**Amar Kabra:** Yes, yes.

**Pradeep Rawat:** Okay. And my next question is regarding our LPG plant. So what would be the revenue potential from this plant? And how much money are we investing into this plant?

**Amar Kabra:** In LPG, our estimated capex is around INR700 crores to INR750 crores. And it all depends on the throughput. For one throughput, we are getting almost INR80 crores of the revenue, INR70 crores. And assuming 3 throughput as a reasonable, we can easily achieve around INR200 crores of revenue.

**Pradeep Rawat:** And EBITDA margin would be somewhere around 75% to 80%, right?

**Amar Kabra:** 80%, in fact 80%.

**Moderator:** Next question is from the line of Prabin Menon, an Individual Investor.



**Prabin Menon:** Thank you so much for your patient explanations on the corporate governance side. I just want to understand, I have a feeling on -- I mean, what were the reactions from the recent investors? I mean, all these are top-grade investors. The Malabar fund there as well as Anil Goel in terms of, I mean, once they understand the corporate governance because I'm being a micro-cap analyst actually track all those micro-cap companies and also quite extensively write on blogs.

What I understand from the company's stock price performance, I mean, which is actually below the QIP prices. How much of an impact in terms of the market sentiments on the current, I mean, the recent transaction is one of the questions that I have? The other question is I recently see that you already have an agreement with 63Ideas labs in terms of settlement pertaining to this transaction.

What is the impact of the other maybe like 6 to 7-odd people involved in the transaction? I mean does that -- because the entire amount in consideration is somewhere around INR40 crores, right? So just a color on that.

**Rishi Pilani:** So see, I'm sure that our investors like you mentioned, we have had calls with them and they have always said that they support the company fully, they've understood the matter, which can be seen from the fact that they are not out here doing anything, which can harm the company, number one. Number two, your question was that about the settlement with Idea63.

So first of all, let me clarify that there has been no settlement. Nowhere in the declaration, we've said -- used the word settlement. It is very clear, we -- they have waived all their claims against the company unconditionally. So we -- it's because settlement sounds like you pay somebody something and then they do give you something, that's not the case.

We have not paid a single paisa to them and nor do we intend to pay anybody of all of these other guys. Like I said, everybody has a different mindset. Some people realize faster that there is no point in pursuing claims against the company because the company is not at all involved in it. Some people will take longer and it will be a more tedious process. That's the difference.

**Moderator:** Next question is from the line of Ketan Chheda, a Retail Investor.

**Ketan Chheda:** Can you confirm the debt for the LPG project has been tied up, have you achieved financial closure there?

**Rishi Pilani:** See, we have already got a term sheet from one of the premium banks for the debt and another government fund has shown their willingness. We don't foresee any issue with raising the debt because, obviously, we'll have -- we have in our JV agreements proper guarantee mechanisms from all the stakeholders, especially BW parent companies, which -- and there is a clear-cut offtake agreement, which ensures that there is no chance of any debt default. So I mean, we are not bothered -- we are not really concerned that the debt -- raising the debt will be an issue.

**Ketan Chheda:** Okay. And with respect to the Mangalore port, is there an update? What is the status on that one?

**Rishi Pilani:** See, Mangalore port, while there was a technical issue with the land allotment that there was a bid validity period that got extended, which the port overlooked. So we are trying to figure out



now what to do with that because technically, the tender allotment period had passed from the time the bid allotment was given. So we are working with the board to see what can be sorted out in that, and we are trying to resolve it.

**Ketan Chheda:** So it means that given this technical issue, we will not be able to start the operations like -- and we don't have an outlook when this will be solved?

**Rishi Pilani:** No. So right now, we've not taken over the possession of the land as of now.

**Ketan Chheda:** Okay. All right. And with respect to the JNPT port, we kind of started the operations here in 1990s, so a lot of tanks would kind of be closer to the end of life and things like that. So all of the -- pardon my ignorance, but just help me understand how do we take care of the end of life for the tanks and like how do we keep them in the best of their health, the infrastructure?

**Rishi Pilani:** So you will find terminals still in operation that were built in World War I, somewhere in 1918 in India. The thing is that it's not that the tanks reach end of life, but just like every other equipment, they need a regular maintenance, which I just described that just like this quarter, we've done a lot of maintenance in our tanks in JNPT. So basically, what you do is there is a system of testing for the thicknesses of the shell of the tanks, which is done yearly and when the thickness is reduced below a certain threshold value, then what you have to do is that, that particular part of the tank has to be replaced with a new part -- with a new steel shell. So that is -- your question on how do you do it? This is the process to do it.

**Ketan Chheda:** Okay. So then everywhere we must be incurring some kind of a maintenance capex...So I was asking, so to take care of this maintenance, what maintenance capex do we foresee for FY '25?

**Amar Kabra:** So on an average, there is a maintenance capex of around INR12 crores to INR15 crores per annum basis. And this year, it will be slightly more around INR20 crores expected, for '25.

**Ketan Chheda:** At a consol level or only for the JNPT?

**Amar Kabra:** For other terminals, I don't require much more than few crores.

**Ketan Chheda:** Okay. So around INR25 crores, INR27 crores?

**Amar Kabra:** Yes. Around INR20 crores, INR22 crores, yes.

**Moderator:** Next question is from the line of Kumar Saurabh from Scientific Investing.

**Kumar Saurabh:** Yes, I have a few add-on questions. So one question is on the other operating trading income. And this number is a little volatile, like FY '22, we had INR25 crores, then INR8 crores, then INR19 crores. So my question is, like is there a way to assume how this number will slow or this will remain volatile? That is one. And second is, again, on the other income side, I think FY '24, we had other income of almost INR16 crores.

So what is the cash on the books? My understanding is when we are executing this major capex, a lot of that cash is going to utilize. So I mean, I just want understanding like in next 2 years, is



this other income is going to go down? How this will shape up, these 2 questions by questions I have?

**Amar Kabra:** Yes. So other operating income includes mainly the -- you can say, the new activity started in the current year '23-'24, that is a collection of wharfage with J M Baxi. So that is coming to your top line. So after rental income, that is your other income, you can say. So around INR15 crores was the top line for that wharfage income.

And other part constitutes the interest income and some trading activities, some EPC, one small contract going on in the stand-alone contract -- stand-alone balance sheet of the GBL, so that all the combine constitutes that other operating income.

**Kumar Saurabh:** Okay. So this INR15 crores, is it consistent? And is it also on equal kind of EBITDA margin or is it too low in terms of EBITDA margin to consider?

**Rishi Pilani:** No. So this -- why we especially make sure to carve this out is because, a, this income is something that is noncore business related, but it's like complementary services, sometimes when you provide to your customers, which are not really high margin. But you do it as a part like what Amar just now explained, like when J M Baxi took over one of the jetties in JNPT, so we provided this additional service to the customers that we will, as a console, collect the rent and the wharfage and everything, and you just see a single invoice. You are not seeing -- you're not dealing with multiple parties in this. So the customers like that, but in that, we don't really make any margin on the wharfage side.

**Kumar Saurabh:** Got it. So the volatility in this other income will not be impacting the profit?

**Rishi Pilani:** Yes, yes. So we -- so this part should be considered like just as other income, which is not going to have a high margin nor does it have any significant stability in terms of continuity because if tomorrow, we decide that it's just too much work to collect wharfage on behalf of J M Baxi and pay J M and collect, we may just tell the customer, you please go and deal with them directly.

**Amar Kabra:** So hardly there is 4% to 5% of margin in this wharfage.

**Moderator:** Next question is from the line of Naveen from NS Capital.

**Naveen:** My question is on the storage tank, sir. Is it possible that you can provide an approximate split of the various compounds that are getting stored? Like we have seen from the presentation that there are glass products, there are edible oils, then there are industrial chemicals? Just an approximate color on which one is getting stored majorly?

**Rishi Pilani:** Majorly, as of now, you can -- see I would like to stick to a broader rather than a detailed breakup, a broader breakup is, you can assume that as of now, about 60% to 65% of our products are haz and about 30% to 35% are non-haz.

**Naveen:** Non-haz when you say, you mean class A, B and C, sir?

**Rishi Pilani:** Non-haz is non-hazardous, so those are the edible oils, molasses and other oils.



- Naveen:** Okay. Okay. 60% is haz and 40% is non-haz?
- Rishi Pilani:** Yes, yes, yes.
- Naveen:** Yes. And the increase in height of these tanks, is it for the present tanks or is it for converting it into storing the LPG, sir? I assume the LPG is a different set of tanks altogether maybe a pressure vessel kind...
- Rishi Pilani:** LPG is different set of tanks that has nothing to do with the increase in the height of tanks. That is -- that, like I said, that is a separate activity to be taken up to increase the capacity of the existing tanks.
- Naveen:** Got it. Got it. And my last question is, sir, since this LPG is coming live only in '27, so what would be the revenue -- what would be the sources of revenue growth between now and FY '27, sir?
- Rishi Pilani:** So see, between now and FY '27, like I said, we are looking at increasing our margins through the change of chemical, the product mixes. We are hopeful that with the new system and governance we have put into Chemical division, we should be able to get a growth of at least 10% to 15% there, which was like a stuck up due to bottlenecks. And of course, we are always looking out for new areas to expand and develop. So that always remains open on the cards.
- Naveen:** Appreciate that, sir. I take this opportunity to also tell you that we are all standing with you on this tough time when you wade through the fraud case and we would like to see you come out even more stronger. Thank you.
- Rishi Pilani:** Thank you so much. Thank you very much.
- Amar Kabra:** Thank you.
- Moderator:** Next question is from the line of Poonam Mali, Individual Investor.
- Poonam Mali:** So I would like to bring your attention to the auditors' report. So why did the auditor refrain from auditing the financial statements of the 6 subsidiaries and the two associate companies?
- Amar Kabra:** See, there are two audit reports. One, the audit report by the individual auditors of the subsidiaries and that audit report has been consolidated into the parent company's audit report. So obviously, the parent company's auditors cannot go and to see the entire auditing and entire accounts of the subsidiary.
- So they -- it's a general comment. In all the balance sheet, you can see that we have just gone through the audit reports of the auditor, and we have not gone through the entire auditing of the subsidiaries. So that is standard procedure. And whatever comment the subsidiaries auditor has passed in their audit report they had incorporated. So that's it.
- Moderator:** Next question is from the line of Suraj Gupta from Rabbit Research.



**Suraj Gupta:** Just one question. So if we see quarter-on-quarter, sir, this quarter we've seen that the margin has been impacted due to the chemical division. So can you please highlight or give some light on that? I've joined the call a bit late.

**Amar Kabra:** Yes, yes, so this question I already answered, but I'm repeating again. So since in the last 2 quarters, like December quarter also we have faced the problem in Chemical division and in March quarter also we have faced this problem. Our 20% of the deemed export is to Nigeria. And you have seen that Nigerian currency, which is naira was around 800 in November and December 2023, and it went to 1,450-something for U.S. dollar.

So due to that, there were no hugely available for the Nigerians to remit. So that is one of the issue. Then other issues is that Red Sea issues and problem in the Middle East, so all these have impacted our chemical division. But I think gradually, from second quarter onwards, we are overcoming with all these bottlenecks and we'll return back to our original sales. And obviously, with the new management, we will get better efficiency as compared to the past quarter in Chemical segment. So this is a temporary phenomenon.

**Moderator:** Next question is from the line of Sudhir Padiyar from Otium Capital Partners.

**Sudhir Padiyar:** I'm sorry, most of my questions have already been taken up. I'll join the queue if there are any further questions. Thank you so much.

**Moderator:** Ladies and gentlemen, due to time constraint, we'll take that as our last question. I'll now hand the conference over to the management for closing comments.

**Rishi Pilani:** Thank you. I would again like to thank everybody for joining us and taking out their time this evening for our conference. We remain available to answer any further questions, feel free to contact us, and we will be happy to answer all questions. Thank you so much.

**Amar Kabra:** Thank you, everyone. Thank you.

**Moderator:** Thank you. On behalf of CapitalSquare Financial Services, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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